

**FY03-04**

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# **BUSINESS PLAN**

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**U.S. MARINE CORPS**

**19 February 2003**



DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
2 NAVY ANNEX  
WASHINGTON, DC 20380-1775

IN REPLY REFER TO:

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19 Feb 03

From: Assistant Commandant of the Marine Corps  
To: Distribution List

Subj: UNITED STATES MARINE CORPS BUSINESS PLAN

Encl: (1) FY03-04 United States Marine Corps Business Plan

1. The FY03-04 USMC Business Plan continues to implement the Commandant's direction to manage the Business Enterprise of the Marine Corps through the application of better business practices. The Marine Corps has achieved many significant accomplishments since the first business plan was published in 1999, to include the realignment of \$86 million from installation budgets to modernization and over 2,600 Marines from installations to the operating forces. The enclosed Business Plan builds on those accomplishments and addresses the next phase of Business Enterprise reform.
2. The Marine Corps is first and foremost a warfighting entity and will always remain so. Much of what we do on our installations, however, is business oriented. By adopting the best business practices of both the private sector and other government agencies, we will continue to improve the levels of support we provide to the operating forces, our Marines, and their family members.
3. The programmatic and budget challenges we are facing during this financially constrained time are great. Now more than ever, Marine Corps leaders must be fully accountable for the stewardship of our resources and managing our assets. The Commandant and I are confident you will continue to exercise the leadership needed to build upon our successes and meet the new challenges posed in this Business Plan.

  
W. L. NYLAND

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## EXECUTIVE SUMMARY

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The USMC Business Plan implements the Commandant's direction to manage the **Business Enterprise** of the Marine Corps through application of better business practices and replaces the plan issued by the Assistant Commandant of the Marine Corps on 14 July 2000. Effective implementation of this plan reflects our commitment to exercise resource stewardship by aggressively seeking to maximize our effectiveness and efficiency.

The Business Plan defines strategies, identifies high-level milestones, assigns accountability, and relies on the chain of command to take specific actions to improve business processes and support provided to the operating forces. These actions will result in the optimization of Marine Corps resources by working smarter, not by simply working harder.

This plan speaks to management of installation activities—including core competencies and non-core competencies, inherently governmental and commercial activities – and installation functions - regardless of the department at HQMC exercising program management authority. The plan is organized by outcome. Each outcome is designed to direct the Business Enterprise toward achieving the Marine Corps Installations Vision, and to be achievable during the two-year period covered by this plan. Each outcome includes narrative information and specific implementation strategies and actions. This plan expands beyond the previous plan by addressing the next phase of Business Enterprise reform, including: Activity-Based Resource Management, Knowledge Management within Communities of Practice and Interest, Standards of Excellence Program implementation, and the transformation of Strategic Sourcing.

Subsequent to the first Business Plan, published in April 1999, many significant accomplishments have been achieved by installation commanders and their staffs to include:

- Used Business Reform initiatives, and ABC data, to:
  - make changes that exceeded FY00-02 savings goals to realign \$86M from installations budgets to modernization.
  - realign over 2,600 Marines from installations to operating forces.
- Met OSD commercial activities mandate by competing more than 4,300 billets.
- Developed and implemented a plan to install uniform activity-based performance and cost management software and tools at 23 installations.
- Initiated the development of activity-based performance and cost management skills.
- Developed installation Strategic Plans.
- Committed to submit POM04 data in activity-based format and focus on ABC data as source for POM 06 decision-making.
- Initiated the standardization of installation activity-based models for ease of information transfer, benchmarking, analysis, and reporting.
- Established Business Performance Offices at each installation.

The USMC Center for Business Excellence (CBE) is responsible for coordinating the implementation of this plan and the identification and application of best business practices across the Marine Corps in conjunction with key business enterprise stakeholders and functional program managers.

**BUSINESS ENTERPRISE:** Those components of the Marine Corps' active and reserve forces that provide the goods and services needed to ensure the successful performance of the mission of the operating forces. The Business Enterprise has three components: Acquisition, Logistics and Combat Service Support, and Installations.

## EXECUTIVE SUMMARY

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Established policies include the following:

- Scorekeeping (*CMC ltr 4000 LR of 14 Oct 1999, Subj: Installation Reform (IR) Scorekeeping Policy*)
- ABRM (*reference CMC message P272031Z of Jun 01, Subj: Plan of Actions to Integrate Activity Based Cost Management*)
- Business Performance Office Structure (*reference CMC message 181715Z of Apr 02, Subj: Establishment of Business Performance Offices*)
- XBIT Charter (*reference CMC message 271433Z of Jun 02, Subj: Activity Based Cost Management (ABCM) Automation Project*)

For further information, see referenced documents at Web Site:  
<http://lrhome.hqmc.usmc.mil/busplan1.nsf/lrframeset?openpage>.

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# STRATEGIC INTRODUCTION

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***“Transformation is not a goal for tomorrow,  
but an endeavor that must be embraced in earnest today.”***

The Honorable Donald H. Rumsfeld, Secretary of Defense  
Quadrennial Defense Review Report, 30 September 2001

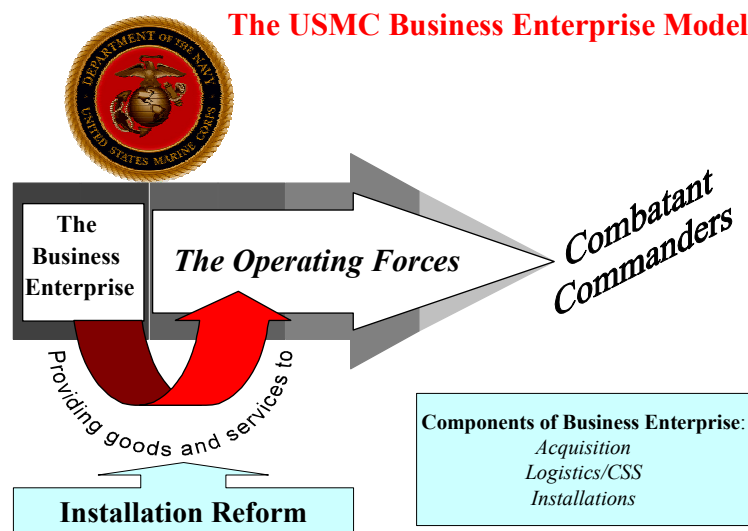
## **Purpose**

Now more than ever, Marine Corps leaders must be fully accountable for exercising resource stewardship and for well-managing our assets. Providing opportunities to realize efficiencies and make funds available for higher priority needs in support of four broad areas of Marine Corps innovation (transformational technology, new operational concepts, refined organizations, and better business practices) is the overall purpose for reforming the Marine Corps Business Enterprise.

The initial focus of the Business Plan is the installation management component of the Business Enterprise. Installations are the 5th element of the Marine Air-Ground Task Force (MAGTF) and comprise one of three components of the Business Enterprise (depicted in Figure 1), costing over \$3B annually to operate. The CBE is charged to evaluate opportunities, to develop and recommend plans, and to implement appropriate business practices, such as activity based costing and management (ABC/M), into other elements of the Marine Corps.

Leaders of Marine Corps installations are challenged to simultaneously:

- Promote readiness of operating forces.
- Provide quality service demanded by operating forces, Marines, and their family members.
- Identify efficiencies that can contribute savings to resource requirements of the operating forces while living within their own budgetary constraints.
- Significantly improve the justification associated with their own resource requirements.
- Maintain fidelity to the principle of taking care of our people, including our civilian-Marines, who are key members of our support team.



**Figure 1**



## STRATEGIC INTRODUCTION

In a manner highly comparable with leadership in a MAGTF, successful commanders effectively use strategic plans to direct and align the activities on their Commands. These plans, augmented by effective and regular use of **scorecards**, will develop alignment and individual accountability in the strategic planning process. The Marine Corps concept for transforming strategies into action using scorecards is shown in Figure 2.

**SCORECARD:** A reporting tool, typically in the form of a table, spreadsheet, or set of gauges used to provide a simplified view of progress and/or performance.

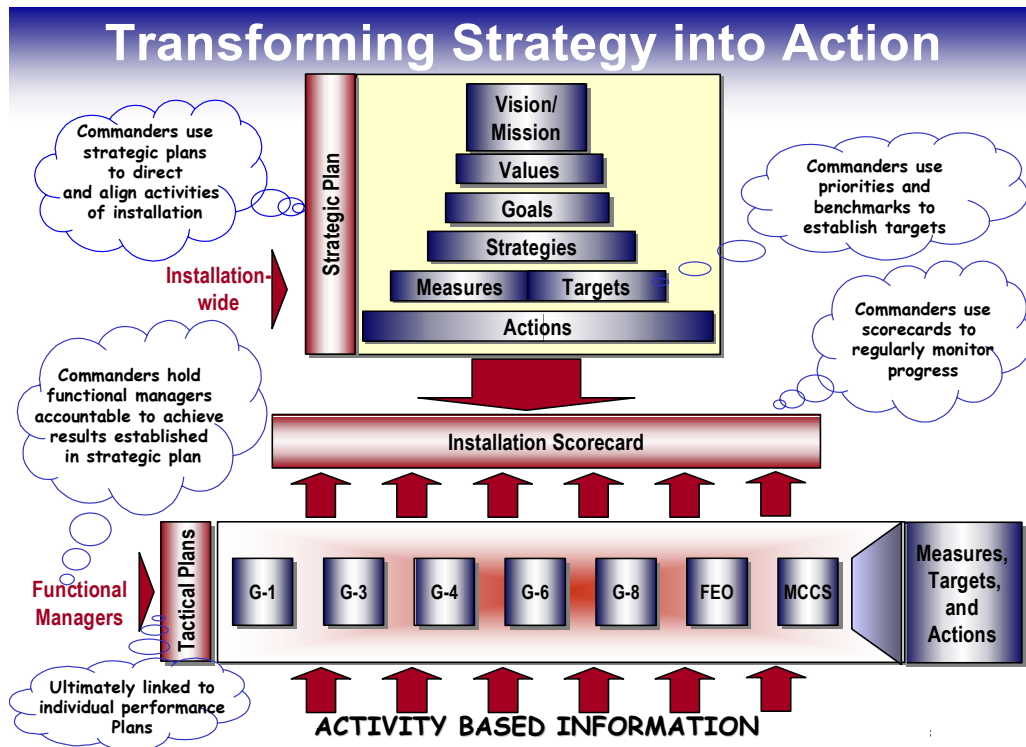


Figure 2

Our strategic concept recognizes the need for an integrated approach to both performance and cost management. It emphasizes that business reform is more than just a cost reduction effort – although minimizing installation support costs is a primary objective. The continuing goal of this and future plans is improvement of support to the operating forces. As we provide this support, we will place Marines and their family members as a top priority in everything we do. We will work toward clearly defining the necessary products and services installations deliver to these “customers” and on ensuring the activities required to produce those products and services consume as few resources as possible.

### Customers/Stakeholders

The customers and stakeholders of an installation range from the tenant operating forces to the Commandant of the Marine Corps and his staff. This Business Plan institutionalizes change that will be recognized by the operating forces, Marines, and their family members as better, more efficient servicing and support. The benefits of this same change will be evident to the Commandant of the Marine Corps as resources are optimized by his staff, allowing for increased funding allocations to modernize equipment and support combat activities.

# STRATEGIC INTRODUCTION

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## **Culture**

*In the Marine Corps, “Business Reform” is the fundamental transformation of USMC Business Enterprise processes to create dramatic increases in our effectiveness, efficiency, adaptability to change, and our capacity and strong inclination to innovate. This transformation is accomplished by changing the Business Enterprise culture.*

Actions contained in this plan contribute to cultural change through:

- **Benchmarking and Best Practice Analysis.** These analyses will provide installation commanders an understanding of performance and cost metrics in other organizations and assesses the components of best practices.
- **Education and Communication.** The Business Plan addresses the development of effective and comprehensive strategic plans, training and education of the workforce, and improved management of organizational knowledge.
- **Accountability.** Improved management information systems associated with reform will provide commanders the information to make fact-based decisions and to hold their subordinate leaders accountable for expected goals and targets defined in strategic plans. A primary tool in improving accountability at all levels is the scorecard. Use of the scorecards will provide an unprecedented ability for commanders to define and view progress towards accomplishment of strategic goals, to monitor progress against performance measures, to compare installation performance against strategic goals and baselines, to compare installation performance with other installations, and eventually to compare installation performance with other DoD, public and private entities.
- **Skill Development.** A suite of business skills is required to equip our Marines and civilian-Marines (who are primarily responsible for managing the Business Enterprise) to achieve expected business outcomes. Such skills include process management, activity based cost management, performance management, and extended enterprise management.

## **Standards**

The Business Plan attempts to establish sufficient organizational standards to facilitate comparative analysis without infringing on flexibility of the installation commander.

Appropriate standards are necessary to establish direction, to align activities, to enable information transfer, to facilitate analysis and benchmarking, and to make auditable reporting possible. For this reason, the CBE has collaborated with HQMC staff, intermediate commands and installations to develop standard criteria to include:

- Strategic Plan Templates
- Activity-Based Information System
- Terminology
  - Key concepts
  - Data definitions
  - Data extraction criteria
- ABC Model Elements
  - Cost Objects (i.e., customers, products, and services)
  - Processes
  - Resources
- Performance Measures
- Training Requirements and Business Competencies

# STRATEGIC INTRODUCTION

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## **Incentives and Impediments**

There are two primary incentives for implementing actions in the Business Plan:

- Helps commanders respond to a variety of resource mandates and efficiency targets, and
- Helps equip the work force to achieve and sustain expected change.

Investing in best business practices provides the installation commanders a systematic capacity to achieve and sustain institutional goals in A-76, privatization, and many other efficiency mandates.

Our people are motivated and highly committed. Marines and civilian-Marines who are enabled through empowerment, education, and easement of bureaucracy and regulations, can and will reform the Business Enterprise. Leadership is responsible to support development and use of business tools, define expected outcomes and use strategic plans to link outcomes to individual performance and incentives. Incentives will help drive this change. So will diminishing impediments, when possible.

Regulations governing consequences and incentives are generally more flexible than perceived. All leaders are responsible for ensuring, to the greatest extent possible, that impediments do not compromise the effort of our people to succeed in reform. Local commanders can help to validate that perceptions of impediments are not greater than real impediments. When real constraints are encountered, commanders are responsible to recommend appropriate regulatory relief to higher headquarters, as appropriate.

Installation commanders will involve Human Resource (HR) managers in the development and implementation of Business Plan goals and seek their assistance in developing more effective monetary and non-monetary incentive programs.

## **Installation Strategic Vision**

The Business Plan will be updated biennially to implement the strategic elements outlined above and to help achieve the business vision established in Marine Corps Installations Vision 2020:

*“Marine Corps Installations will be (1) unparalleled in capability and efficiency, (2) driven by mission, (3) enhancing the business focus. **The Marine Corps supports this business focus, yet still recognizes that mission accomplishment may lead to decisions that are not focused on the bottom line.** Care will be given to ensure that local Commanders will be allowed the flexibility to make the right business decisions for their installations without a “one size fits all” mandate or direction.”*

## SUMMARY OF EXPECTED OUTCOMES

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Implementation of the actions defined in this Business Plan is expected to achieve the outcomes listed below by the end of FY04. The overarching goals by FY04 (established in POM98) are for (1) installation support O&MMC costs to decline at least \$82M per year without compromising mission support, and (2) for 2,800 Marines to be returned to the operating forces. Installation commanders are expected to continue to exceed annual savings goals, **and it remains the policy of the Marine Corps that savings above the expected annual goals will be retained for use by the local commander.** The CBE will coordinate detailed planning, sequencing, and implementing of the strategies and actions associated with this plan. Progress will be managed via a scorecard, reported semiannually to the ACMC, and through weekly CMC updates.

- Standard business processes and competencies are aligned, improved, and properly sourced using benchmarking, strategic sourcing, and beneficial suggestion programs.
- Strategic plans and policy for installations and intermediate commands are developed and integrated. A Standards of Excellence assessment program is established.
- Performance measurement is linked to strategic plans and scorecards at all levels of the organization to achieve direction, alignment, and accountability.
- Activity based resource management (ABRM) is implemented and used at all levels of command to justify and support the efficient and effective management of USMC installation resources.
- Data collection for activity based costing and management (ABC/M) models and scorecards is automated using standard architecture.
- Business knowledge is effectively developed and used.

**By achieving the outcomes listed above and through the integrated use of business tools and practices, the Marine Corps will be able to more effectively plan, resource and manage Business Enterprise processes in order to best support Marines and their family members. We will also increase our understanding of core competencies and act on the implications of that knowledge to better organize and source installation services.**

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## OUTCOMES AND STRATEGIES

### Strategic Planning and Assessment

**OUTCOME 1:** Strategic plans and policy for installations and intermediate commands are developed and integrated. A Standards of Excellence assessment program is established.

**STANDARDS OF EXCELLENCE ASSESSMENT PROGRAM:** The Marine Corps' program for evaluating, reporting, and improving the business practices of installations using principles and techniques of the Malcolm Baldrige National Quality Program's Criteria for Performance Excellence.

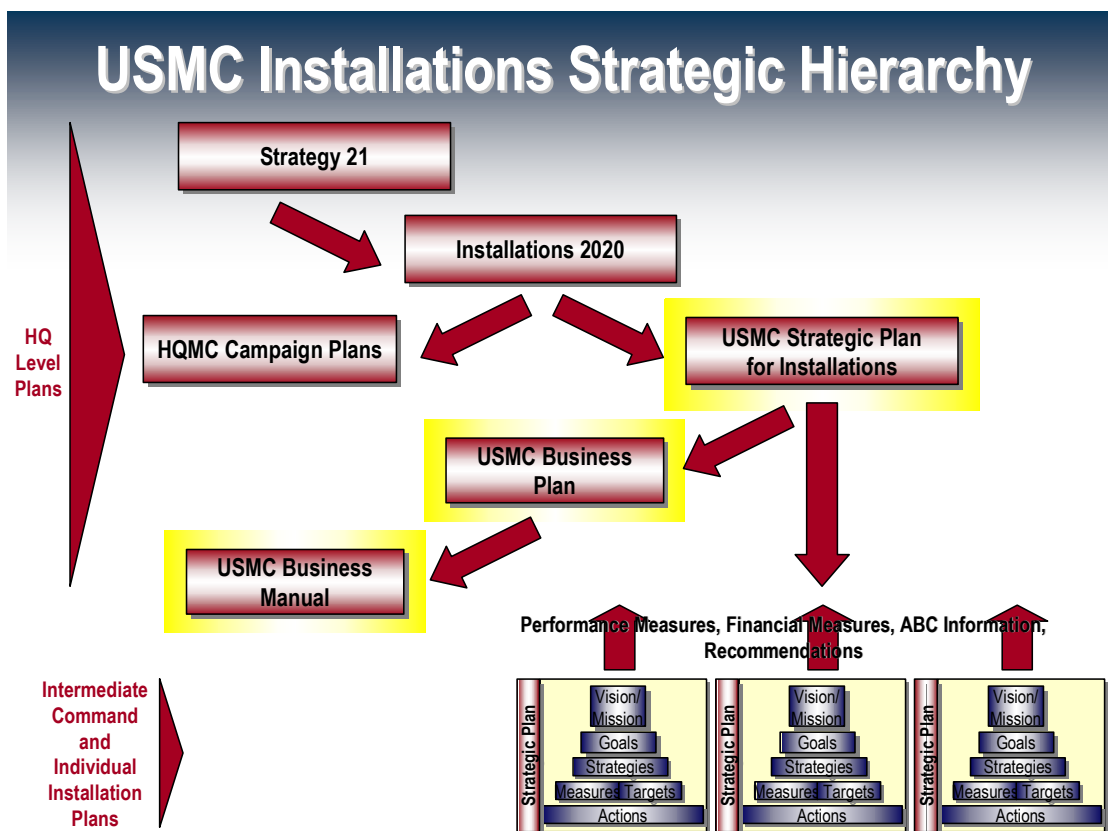


Figure 3

Establishing direction and alignment of installation support to operating forces, Marines, and their family members is a responsibility of the HQMC staff. This direction and alignment is manifested in key publications. Figure 3 shows the hierarchy of USMC strategic documents. The documents addressed within this business plan are highlighted.

- CMC Strategy 21 provides the overarching direction for the Corps as a whole
- Installation Vision 2020 provides a vision of installation support two decades hence
- HQMC departments have developed campaign plans to describe functional direction

## OUTCOMES AND STRATEGIES

- The USMC Strategic Plan for Installations will provide HQMC strategic guidance and performance measures to intermediate and installation commanders and their staffs.
- The USMC Business Plan establishes actions and responsibility to accomplish the business-related mission, vision, goals and strategies of the USMC Strategic Plan for Installations
- The USMC Business Manual will establish policy and guidance for installation performance excellence

### Strategies to achieve Outcome 1:

#### Strategy 1.1:

Based on existing strategic guidance, develop a single USMC Strategic Plan for Installations that includes key strategic measures. Coordinate the development of the plan with all key HQMC, intermediate command, and installation stakeholders.

#### Strategy 1.2:

Establish a Standards of Excellence performance assessment program for assessing, identifying and sharing practices that result in installation excellence (based on Baldrige National Quality Program).

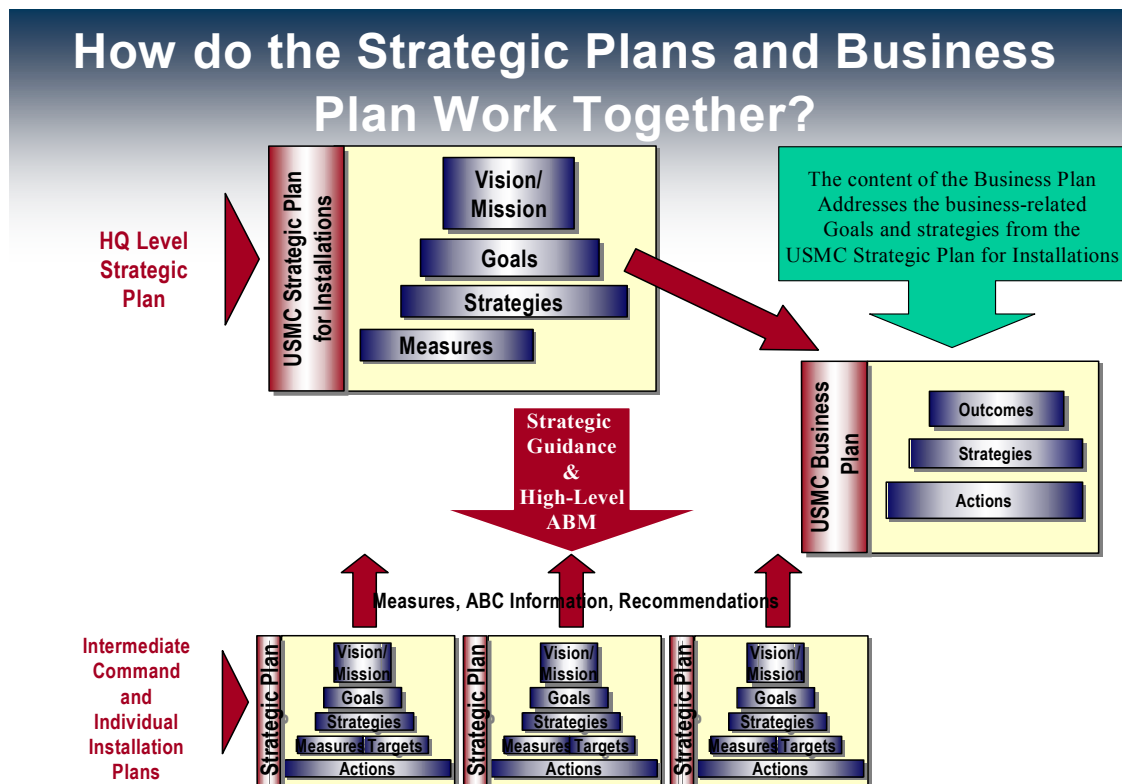


Figure 4

## OUTCOMES AND STRATEGIES

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### Direction, Alignment, and Accountability

**OUTCOME 2:** Performance measurement is linked to strategic plans and scorecards at all levels of the organization to achieve direction, alignment, and accountability.

A systematic approach to development and alignment of strategic plans, and measurement of progress against strategic goals and strategies are critical elements of installation excellence. Key components of this approach include:

- Development and maintenance of installation strategic plans and scorecards to reflect higher strategic guidance
- Employment of a systematic and **balanced** approach (scorecard) to measure progress and maintain accountability
- Development of skills to form and maintain relationships among organizations in the **extended enterprise**
- Linkage of plans, performance measurement and resource allocation with readiness

**BALANCED:** The term “balanced” implies that several measures, in addition to traditional financial measures, will be used to gauge success. These measures can address readiness, customer satisfaction, quality of life, human resource development, and internal business process improvement.

**EXTENDED ENTERPRISE:** The network of organizations that create value for the supported organizations, Marines, and their family members by developing, producing, selling, servicing, and recycling products and services as an integrated system. This network may include internal USMC providers, contractors, and other DoD or government providers.

#### Strategies to achieve Outcome 2:

**Strategy 2.1:**

Develop/update/maintain the strategic plan for each installation and intermediate command based on a uniform template that supports the mission, vision, key processes and outputs, strategies and measurements contained in the USMC Strategic Plan for Installations.

**Strategy 2.2:**

Training is conducted in the scorecard software resulting in knowledge transfer that enables the staff to create, maintain, and sustain the scorecard. Scorecards linked to strategic plans are developed and implemented at installations and intermediate commands. Scorecard guidance is provided in phases as strategic plans and performance measures are developed and improved by all levels of command.

**Strategy 2.3:**

Installation mission readiness and customer satisfaction is considered in determining success of the Business Enterprise.

**Strategy 2.4:**

Extended Enterprise perspective is incorporated into USMC business strategies.



## OUTCOMES AND STRATEGIES

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### Resource Management

**OUTCOME 3:** Activity based resource management (ABRM) is implemented and used at all levels of command to justify and support the efficient and effective management of USMC installation resources.

The Marine Corps has adopted a fact-based “open book” approach to installation resource management. In an activity-based open book environment:

- Activity-based data is made widely available to the in-house workforce
- Commanders and staffs at all levels can understand how installation resources and activities are consumed in support of customers world-wide
- Information is based on established cost and operational data standards that facilitate (1) comparative analysis among like organizations and processes/activities and (2) comparative analysis of the same organization or processes/activity over time.
- Resources are managed with full cost information, replacing the traditional focus on a partial view of costs, primarily operations and maintenance costs
- Resources are allocated optimally and consistently among installations
- Readily available information supports the management of budget execution and customer expectations

**OPEN BOOK MANAGEMENT:** Based on the principal that the more people know about the operations of an organization, the better it will perform. Information is shared among elements of the organization to facilitate performance improvement and cost reduction. It is not used as a power tool to intimidate or control – it is a means to identify efficiencies leading to best practices, and also a means to educate people to work together to achieve common Marine Corps goals.

#### Strategies to achieve Outcome 3:

##### Strategy 3.1:

Use ABC/M during POM06 cycle.

##### Strategy 3.2:

Use activity-based models to improve visibility of cost and performance data for installation business processes and activities.

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## OUTCOMES AND STRATEGIES

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### Process Improvement

**OUTCOME 4: Standard business processes are aligned, improved, and properly sourced using benchmarking, strategic sourcing, and beneficial suggestion programs.**

Key to achieving and sustaining high levels of performance and cost efficiency is the provision of comparative and best practice information to commanders and their staffs. The Marine Corps will progressively improve business processes and achieve efficiencies<sup>1</sup> by:

- Developing the ability to conduct comparative analysis of performance and costs
- Improving the accuracy of the Commercial Activities inventory and shaping the installation workforce to initiate additional A-76 competitions beginning in FY05 in accordance with MID-907 and the President's Management Agenda
- Reengineering the Beneficial Suggestion Program to ensure it contributes to the development of best practices and benchmarks

#### Strategies to achieve Outcome 4:

**Strategy 4.1:**  
Develop and apply standard activities, cost objects, and a core set of performance measures.

**Strategy 4.2:**  
Develop benchmarks and best practices.

**Strategy 4.3:**  
Reengineer Beneficial Suggestion Program.

**Strategy 4.4:**  
Develop a comprehensive strategic sourcing program.

**Strategy 4.5:**  
Report all savings related to installation reform in accordance with published guidance.

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**INSTALLATION REFORM:** That component of the Marine Corps' Revolution in Business Affairs focused on reforming business practices across Marine Corps installations.

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<sup>1</sup> All **installation reform** savings are to be reported in accordance with published guidance: Installation Reform Scorekeeping Policy dated 14 October 1999. This not only provides a tracking mechanism for financial savings, but also assures credibility of financial data and gauges productivity of the overall reform program.

## OUTCOMES AND STRATEGIES

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### Data Automation

#### **OUTCOME 5: Data collection for activity based costing and management (ABC/M) models and scorecards is automated using standard architecture.**

The Marine Corps intends to automate collection of ABC data to the maximum extent practicable. The purpose of the automation is to improve reliability and accuracy of ABC/M data while minimizing personnel effort to refresh models. Survey tools and manual input may be needed periodically to provide certain types of information and maintain portions of models. However, for most of the labor intensive data collection, the Marine Corps intends to use a shared-data environment to systematically extract ABC data from legacy systems to update ABC models.

As data automation progresses, the CBE will coordinate twice-annual refreshment of ABC models and progressively enhance the standard data included in the model by completing the cost object module and integrating performance measures into the models.

**XBIT:** The extensible business intelligence tool (XBIT) implements a data warehouse architecture to automate the extraction of data from various legacy systems. These sources contain the necessary personnel and financial information for each command's activity based cost application. The architecture is realized through the use of a standard, centralized global repository that populates each command's ABC models.

#### **Strategies to achieve Outcome 5:**

##### **Strategy 5.1:**

**Automate data flow for the population of the resource module of the ABC models. (XBIT)**

##### **Strategy 5.2:**

**Standardize architecture of global ABC model.**

##### **Strategy 5.3:**

**Identify key operational data and their legacy systems.**

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## OUTCOMES AND STRATEGIES

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### Knowledge Management

#### OUTCOME 6: Business knowledge is effectively developed and used.

In order to effect sound, fact-based business decisions, the Marine Corps Business Enterprise must be comprised of educated, experienced, and committed individuals. Knowledge management efforts are focused on three specific communities:

##### Community of Practice (COP)

- Comprised of Business Performance Offices (BPOs) supporting leadership at installations, intermediate commands, and HQMC
- Takes a systematic approach to collaborate in sharing and preserving institutional knowledge
- Possesses the critical business skills as core competencies of our civilian-Marines in order to improve overall management of the business enterprise
- Consists of Marines and civilian-Marines engaged in management of the Marine Corps Business Enterprise

**COMMUNITY OF PRACTICE:** Marines, civilian-Marines, and others serving as practicing participants in USMC business reform efforts.

##### Leadership

- Key leaders at all levels of the Business Enterprise are receiving formal ABC/M and Business Reform training
- A senior level working group representing HQMC, intermediate commands, and installations, to address business issues relative to the entire business enterprise will be established during this business plan period

##### Community of Interest (COI)

- Composition includes HQMC program managers who serve as key stakeholders
- CBE members designated as functional account managers will serve as resources to assist their designated HQMC program managers as process advocates, supporting communication of information and business successes
- A continued effort will be made to identify program manager and other COI reporting and desktop information requirements.

**COMMUNITY OF INTEREST:** Marines, civilian-Marines, and others with vested interest in USMC business reform efforts.

#### Strategies to achieve Outcome 6:

**Strategy 6.1:**  
Optimize use of web.

**Strategy 6.2:**  
Nurture Community of Practice (COP) and Community of Interest (COI).

**Strategy 6.3:**  
Complete BPO establishment for HQMC and intermediate commands, as required.

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## **OUTCOMES AND STRATEGIES**

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## APPENDIX A

### ACTIONS, RESPONSIBLE PARTIES, AND DUE DATES

Strategy	Action	Responsible Party	Due Date
1.1	<b>Action 1.1.1: Coordinate the development of a standard set of installation measures, organized by process, to be incorporated into the USMC Strategic Plan for Installations.</b>	CBE	JUN 03
	<b>Action 1.1.2: Publish USMC Strategic Plan for Installations.</b>	CBE	JUN 03
	<b>Action 1.1.3: Develop and post/publish intermediate command strategic plans.</b>	Intermediate Commands	SEP 03
1.2	<b>Action 1.2.1: Publish Standards of Excellence criteria in USMC Business Manual.</b>	CBE with input/concurrence from Program Managers	AUG 03
	<b>Action 1.2.2: Perform pilot assessment.</b>	CBE	DEC 03
	<b>Action 1.2.3: Publish pilot report.</b>	CBE	APR 04
	<b>Action 1.2.4: Implement assessment program.</b>	CBE, Intermediate Commands, Installations	SEP 04
2.1	<b>Action 2.1.1: Post current installation strategic plans on web sites.</b>	Installations	APR 03
	<b>Action 2.1.2: Develop/revise installation strategic plans to align with USMC Strategic Plan for Installations and Business Plan. Post plans.</b>	CBE, Intermediate Commands, Installations	DEC 03, then annually or as determined by Installation Commander
2.2	<b>Action 2.2.1: Publish scorecard conceptual standards using FY02 scorecard results.</b>	CBE	APR 03
	<b>Action 2.2.2: Develop recommendation for HQMC level enterprise scorecard capability, including installation scorecard roll-up information.</b>	CBE with input/concurrence from Program Managers	SEP 03
	<b>Action 2.2.3: Develop and/or update installation and intermediate command scorecards to align with enterprise recommendation, appropriate measures, and strategic plans.</b>	Intermediate Commands, Installations	FEB 04, then annually or as determined by Installation Commander

## APPENDIX A

Strategy	Action	Responsible Party	Due Date
	<b>Action 2.2.4: Ensure alignment of scorecards with strategic plans.</b>	Intermediate Commands	On-going
<b>2.3</b>	<b>Action 2.3.1: Identify existing readiness assessment tools and data (e.g., Commanding Officer's Readiness Reporting System (CORRS)).</b>	Intermediate Commands	APR 03
	<b>Action 2.3.2: Conduct customer survey tool needs assessment, research existing survey tools, and recommend a standard survey tool for use in installation business enterprise (e.g., web-based Interactive Customer Evaluation (ICE)).</b>	Intermediate Commands	JUL 03
	<b>Action 2.3.3: Publish guidance for standard customer survey tool (Business Manual).</b>	CBE	SEP 03
	<b>Action 2.3.4: Develop a plan to incorporate readiness and customer data into strategies, scorecards, etc.</b>	Installations	On-going
<b>2.4</b>	<b>Action 2.4.1: Develop and publish Extended Enterprise concepts and policies (Business Manual).</b>	CBE	JUN 04
<b>3.1</b>	<b>Action 3.1.1: Charter working group to review and revise current POM process to incorporate ABC/M. Report to DC I&amp;L/P&amp;R/M&amp;RA and ACMC.</b>	P&R, CBE	APR 03
	<b>Action 3.1.2: Publish ABC/M-POM Guidance for installations following completion of Action 5.3.1.</b>	P&R	AUG 03
<b>3.2</b>	<b>Action 3.2.1: Develop concept for using ABC models during budget execution.</b>	CBE	NOV 03
	<b>Action 3.2.2: Review USMC installation accounting classifications (IMAP) to ensure optimal synergy is being derived from SABRS in the ABC models.</b>	MarFors, LogBases, MCRD's, and Quantico	NOV 03
	<b>Action 3.2.3: Conduct survey of installation functional managers to determine any impediments to use of cost and performance information.</b>	Installations	DEC 03
	<b>Action 3.2.4: Publish findings and recommendations of survey and implement appropriate actions.</b>	CBE, Intermediate Commands, Installations	FEB 04
<b>4.1</b>	<b>Action 4.1.1: Present activity-based dictionary at 2003 BPO training conference.</b>	CBE	JUN 03
	<b>Action 4.1.2: Publish activity-based dictionary and ABC model update frequency.</b>	CBE	JUN 03

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Strategy	Action	Responsible Party	Due Date
	<b>Action 4.1.3: Maintain models in adherence to ABC model standards.</b>	Installations	JUN 03 and Twice Annually
<b>4.2</b>	<b>Action 4.2.1: Publish Benchmarking and Best Practices Plan and concepts.</b>	CBE	Begin NOV 02
	<b>Action 4.2.2: Publish benchmark and best practice analysis.</b>	CBE with Installations	Begin NOV 02
<b>4.3</b>	<b>Action 4.3.1: Conduct a review and implement improvements to reengineer the Beneficial Suggestion Program in order to streamline administration and improve effectiveness of the program.</b>	CBE	JUL 03
<b>4.4</b>	<b>Action 4.4.1: Develop a strategic sourcing plan that accounts for MID- 907 and the President's Management Agenda goals.</b>	CBE in coordination with HQMC staff, Intermediate Commands, and Installations	JUN 03
	<b>Action 4.4.2: Define military requirement in the Supporting Establishment.</b>	MCCDC, M&RA	SEP 03
	<b>Action 4.4.3: Start initial FY04 A-76 studies.</b>	CBE in coordination with HQMC staff, Intermediate Commands, and Installations	JAN 04
<b>4.5</b>	<b>Action 4.5.1: Report auditable savings and reductions in resources consumed in accordance with published scorekeeping guidance.</b>	Installations	Quarterly
	<b>Action 4.5.2: Validate reported savings in accordance with published scorekeeping guidance.</b>	Intermediate Commands	Quarterly
<b>5.1</b>	<b>Action 5.1.1: Deploy automation solution.</b>	CBE	MAR 03
<b>5.2</b>	<b>Action 5.2.1: Build enterprise ABC Resource &amp; Activity module driven by CACs.</b>	CBE (with MarFors and LogBases)	MAR 03
	<b>Action 5.2.2: Report out to CBE/intermediate commands on the applicability of HQ enterprise models.</b>	CBE (with MarFors and LogBases)	MAR 03



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Strategy	Action	Responsible Party	Due Date
5.3	Action 5.3.1: Add necessary DTS packages to XBIT for automated pull of available enterprise data to include sources such as Maximo and FTE data from AXS-1.	CBE (with MarFors and LogBases)	APR-JUN 03
6.1	Action 6.1.1: Conduct (industry) web architecture and (USMC user) content survey.	CBE	AUG 03 and Annually
	Action 6.1.2: Use survey results and HQMC web and portal standards to develop plan for enhancing CBE web site.	CBE	MAY 03 and Annually
	Action 6.1.3: Implement optimized web content and information “push” process (e.g., format similar to Government Executive).	CBE	AUG 03
6.2	Action 6.2.1: Establish appropriate global listings for COPs and COIs.	CBE	OCT 02 and Quarterly
	Action 6.2.2: Survey and perform training needs assessment.	CBE	APR 04
	Action 6.2.3: Develop and implement actions based on survey and assessment.	CBE	JUN 04
	Action 6.2.4: Coordinate with M&RA and TECOM to determine optimal ownership of business training.	CBE (with M&RA and TECOM)	SEP 04
6.3	Action 6.3.1: Establish CBE as HQMC BPO.	CBE	MAY 03
	Action 6.3.2: Determine requirement for and establish BPOs at intermediate commands.	Intermediate Commands	AUG 03

Changes to this schedule will be coordinated with and approved by the Director of the Center for Business Excellence. Quarterly changes to the milestones will be published on the CBE web, as appropriate.

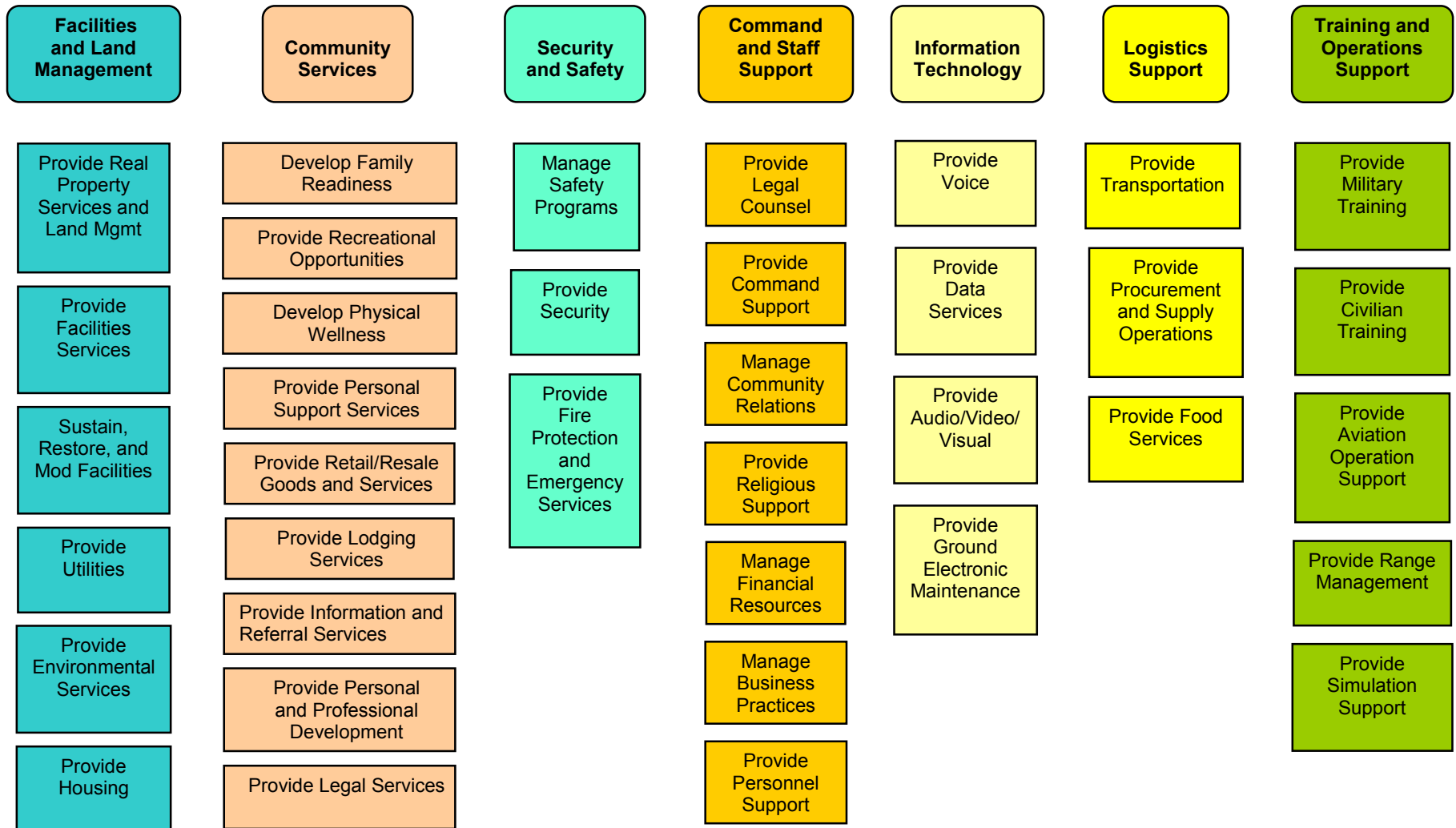
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## APPENDIX B

### INSTALLATION PROCESS MODEL STANDARD BUSINESS MANAGEMENT CATEGORIES



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## **APPENDIX B**

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### GLOSSARY OF ACRONYMS AND DEFINITIONS OF KEY TERMS

A-76	Office of Management and Budget (OMB) Circular A-76
ABB	Activity Based Budgeting
ABC	Activity Based Costing
ABC/M	Activity Based Costing and Management
ABM	Activity Based Management
ABRM	Activity Based Resource Management
ACMC	Assistant Commandant of the Marine Corps
AR	Administration and Resource Management Office, HQMC
AVN	Aviation Division, HQMC
BIC	DoD Joint-Service Business Initiatives Council
BMCOP	Business Management Community of Practice
BPI	Business Process Improvement
BPO	Business Performance Office
BPR	Business Process Reengineering
BRS	Baseline Reporting System
C4	Command, Control, Communications & Computers Department of HQMC
CA	Commercial Activities
CAC	Cost Account Code
CAM-I	Consortium for Advanced Manufacturing-International
CAMIS	Commercial Activities Management Information System
CBE	Center for Business Excellence
CMC	Commandant of the Marine Corps
COI	Community of Interest
COP	Community of Practice
COMMARFORLANT	Commander, Marine Forces Atlantic
COMMARFORPAC	Commander, Marine Forces Pacific
COMMARFORRES	Commander, Marine Forces Reserve
COMT&E	Commander, Training and Education
DC I&L	Deputy Commandant for Installations and Logistics
DC M&RA	Deputy Commandant for Manpower and Reserve Affairs
DC P&R	Deputy Commandant for Programs and Resources
DoD	Department of Defense
DTS	Data Transformation Services
Force Commanders	COMMARFORLANT, COMMARFORPAC, and COMMARFORRES
HQMC	Headquarters Marine Corps
HR	Human Resources
HRO	Human Resources Office
ICE	Interactive Customer Evaluation
Inst CG/CO	Installation Commanding General /Commanding Officer
I&L	Installations and Logistics
IHG	Inherently Governmental
IMAP	Installation Management Accounting Project
IR	Installation Reform
IT	Information Technology
L3	Resource Management Office, HQMC
LF	Facilities and Services Division, HQMC
LP	Logistics Plans, Policies, and Strategic Mobility Division, HQMC
LR	Installation Reform Office, HQMC
M2/R2	Budget codes for Major Repair Projects (over \$300K) (M2) and for Minor Construction (\$100-300K) (R2), which are managed at HQMC
MAGTF	Marine Air-Ground Task Force
MARCORLOGBASES	Marine Corps Logistics Bases

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MARCORSYSCOM	Marine Corps Systems Command
MARFORLANT	Marine Forces Atlantic
MARFORPAC	Marine Forces Pacific
MATCOM	Marine Corps Materiel Command
MCAS	Marine Corps Air Station
MCCDC/TFSD	Marine Corps Combat Development Command, Total Force Structure Division
MCCS	Marine Corps Community Services
MCRD	Marine Corps Recruit Depot
MCU	Marine Corps University
MEO	Most Efficient Organization (term used in context of A-76)
MPD	Civilian Career and Leadership Development Branch, DC M&RA
MPO	Manpower Policy Branch, DC M&RA
MR	Personal and Family Readiness Division, DC M&RA
NAFI	Nonappropriated Fund Instrumentalities
OMB	Office of Management and Budget
OPBUD	Operational Budget
OPTEMPO	Operational Tempo
PAO	Public Affairs Office
POM	Program Objective Memorandum
PWS	Performance Work Statement
SABRS	Standard Accounting Budget Reporting System
SEP	Special Education Program
T/O	Table of Organization
TOA	Total Obligation Authority
XBIT	Extensible Business Intelligence Tool

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A-76 Competitions. Competitions between the Government and the private sector performed per the guidelines of OMB Circular A-76 (see below.).

Activity. Work performed by people, equipment, technologies or facilities. Activities are usually described by the “action-verb-adjective-noun” grammar convention. Activities may occur in a linked sequence and activity-to activity assignments may exist. (CAM-I)

Activity Based Budgeting (ABB). An approach to budgeting where [an organization] uses an understanding of its activities and driver relationships to quantitatively estimate workload and resource requirements as part of an ongoing Business Plan. Budgets show the types, numbers of and cost of resources that activities are expected to consume, based on forecasted workloads. The budget is part of an organization’s activity-based planning process and can be used in evaluating its success in setting and pursuing strategic goals. (CAM-I)

Activity Based Costing (ABC). A methodology that measures the cost and performance of cost objects, activities and resources. Cost objects consume activities and activities consume resources. Resource costs are assigned to activities based on their use of those resources, and activity costs are reassigned to cost objects (outputs) based on the cost object’s proportional use of those activities. Activity-based costing incorporates causal relationships between cost objects and activities and between activities and resources. (CAM-I)

Activity Based Information System (ABIS). A system that provides data warehousing, data navigation, and business modeling support.

Activity Based Management (ABM). A discipline focusing on the management of activities within business processes as the route to continuously improve both the value received by the customers and the profit earned in providing that value. ABM uses activity-based cost information and performance measurements to influence management action. (CAM-I)

Balanced Scorecard (BSC). A tool for measuring organizational performance across four balanced perspectives: financial, customers, internal business process, and learning and growth. The BSC translates an organization’s mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system. (Kaplan & Norton)

Baseline. The original value(s) of measure(s), often considered the “as-is”, which serves as a comparison for measuring progressive improvement.

Benchmarking. An analytical tool that involves measuring the performance of an organization against the performance of similar internal and external organizations.

Business Enterprise. Those components of the Marine Corps’ active and reserve forces that provide the goods and services needed to ensure the successful performance of the mission of the operating forces. The Business Enterprise has three components: Acquisition, Logistics and Combat Service Support, and Installation Management.

Business Manual. This document, under development, will provide business-related policy and guidance to installations, intermediate commands, and HQMC. Content will include Standards of Excellence installation assessment program guidance.

Business Performance Office. A small advisory staff directed to be organized at each installation that is dedicated to conduct business analysis, manage business information, and assist in the implementation of better business practices at each installation, intermediate command, and HQMC. The BPO at HQMC is the Center for Business Excellence.

Best Practices and Benchmarking. A methodology that identifies the measurement of performance by which other similar items will be judged. This methodology is used to establish performance standards and to aid in identifying

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opportunities to increase effectiveness and efficiency. Best practices methodology may be applied with respect to resources, activities, cost object, or processes. (CAM-I)

Business Process Reengineering. The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures, such as quality, service, and speed.

CAM-I. Consortium for Advanced Manufacturing-International. A pioneer in ABC, CAM-I continues to remain at the forefront of ABCM by facilitating collaboration among industry and public sector practitioners to develop coherent concepts and practical applications in cost and performance management.

CAMIS. Commercial Activities Management Information System, which tracks the progress and outcomes of A-76 studies.

Campaign Plans. Documents published by program managers at HQMC to provide high-level overview of missions and direction of USMC. Will be incorporated, where appropriate, into the single USMC Strategic Plan for Installations.

Center for Business Excellence (CBE). The Business Performance Office for HQMC. Organized in part from current LR staff. The CBE mission is to facilitate, advocate and enable effective cost and performance management throughout the USMC. CBE responsibilities include:

- Analyzing, tracking, measuring and comparing USMC progress in implementing and sustaining Activity Based Costing, Management and Budgeting
- Conducting cost/performance analysis
- Tracking, reporting and disseminating meaningful information and results
- Acquiring and leveraging information and knowledge about cost and performance management
- Coordinating and/or conducting cost and performance education and training
- Facilitating collaborative learning, sharing and understanding about best practices and cost/performance management.

Cost Account Code (CAC). Four digit codes used to classify financial transactions according to their purpose. These codes are also used to uniformly identify the contents of management reporting requirements. CAC's are the lowest required level of cost categorization and collection used within the accounting system for categorizing the purpose of funding usage.

Cost Baseline. The current installation resource and spending profile. This baseline will be used in the scorekeeping process to determine savings.

Commercial Activity or Function. A product or service, accomplished by a Federal executive agency, which could be obtained from a commercial source. A commercial activity or function is not an inherently governmental function.

Community of Interest. Marines, civilian-Marines, and others with vested interest in USMC business reform efforts.

Community of Practice. Marines, civilian-Marines, and others serving as practicing participants in USMC business reform efforts.

Competitive Sourcing. Competing the cost of in-house government performance versus performance by the commercial sector using the procedures in OMB Circular A-76.

Cost Account Code. ABC term that refers to: products and services produced as well as the customers consuming those products and services. For example, the cost objects for the motor pool would be transportation (service) and the supported units (customers).

Cost Object. ABC term that refers to: products and services produced as well as the customers consuming those products and services. For example, the cost objects for the motor pool would be transportation (service) and the supported units (customers).



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Data Transformation Services (DTS). A set of tools that extracts, transforms, and consolidates data from disparate sources into single or multiple destinations supported by DTS connectivity. DTS is being used to extract data from legacy systems for ABC model automation. Also known as Extraction, Transformation and Loading (ETL).

Direct Conversion. The conversion of a function or functions, currently being performed with in-house personnel, to contract without conducting a competitive sourcing competition.

Effective. Producing an *intended* result.

Efficiency. The ratio of the amount of outputs produced vs. the theoretical number of outputs that could be produced.

Efficient. Producing a result without loss or waste.

Extended Enterprise. A network of organizations that create value for customers by developing, producing, marketing, servicing, and recycling products and services as an integrated system. It requires skills in forming and maintaining relationships between internal and external service/product providers. This network may include internal USMC providers, contractors, and other DoD or government providers.

Inherently Governmental. A function or activity so intimately related to the public interest as to mandate performance by Federal employees. Inherently governmental functions include those activities that require either the exercise of discretion in applying Government authority or the making of value judgments in making decisions for the Government. Appendix 5 of the Revised Supplement to OMB Circular A-76 provides detailed guidance on the kinds of activities that meet the criteria of inherently governmental activities.

Inputs. Information and materials that flow into an activity or process that are transformed within the activity into outputs. Synonymous with “Resources.”

Installation Reform. That component of the Marine Corps’ Revolution in Business Affairs focused on reforming business practices across Marine Corps installations.

Modernization Wedge. The \$370 million that has been realigned from installation budgets into modernization accounts, to procure equipment that our Marines will need to win 21st century battles. A share of the wedge has been allocated to each base and to IT regionalization/competition.

Most Efficient Organization (MEO). The MEO refers to the government’s in-house organization to perform a commercial activity in an A-76 competition. It may include a mix of Federal employees and contract support. It is the basis for all Government costs entered on the Cost Comparison Form. The MEO is the product of the Management Plan and is based upon the Performance Work Statement (PWS).

OMB Circular A-76. Document establishing Federal policy regarding the performance of commercial activity studies. It lays out a process developed by the Office of Management and Budget that enables Federal agencies to conduct fair and open competitions between in-house personnel and commercial sources for the performance of commercial functions. The 1996 supplement to the Circular sets forth specific procedures for determining whether it would be more cost effective and efficient to perform commercial functions with in-house government facilities and personnel or through contracting with commercial sources.

Open Book Management. Based on the principal that the more people know about the operations of an organization, the better it will perform. Information is shared, among elements of the organization to facilitate performance improvement and cost reduction. It is not used as a power tool to intimidate, or control – it is a means to identify efficiencies leading to best practices, and also a means to educate people to work together to achieve common Marine Corps goals.

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Organizational Requirements Document. A detailed description of the requirements of the function under review which includes detailed performance requirements with performance level agreements. Can be compared with Performance Work Statement used in A-76 studies.

Outcome. A numeric indicator of program results. This category includes indicators of service quality (such as timeliness), effectiveness, and amount or proportion of “need” that is (or is not) being served. (“Service Efforts and Accomplishments Reporting: Its Time has Come” – Governmental Accounting Standard Board)

Outputs. Amount of workload accomplished. Reports unit produced or service provided.

Performance Measures. Indicators of work performed and the results achieved in an activity, process, or organizational unit. Performance measures may be financial or nonfinancial. An example of a performance measure of an activity is the number of defective parts per million. An example of a performance measure of an organizational unit is return on sales.

Performance Work Statement (PWS). A PWS is a statement of the technical, functional and performance characteristics of the work to be performed in a contract. It identifies essential functions to be performed, determines performance factors, including the location of the work, the units of work, the quantity of work units, and the quality and timeliness of the work units. It serves as the scope of work and is the basis for all costs entered on the Cost Comparison Form used in an A-76 competition.

Process. A series of time-based activities that are linked to complete a specific output. (CAM-I)

Program Manager. A headquarters level manager who is responsible for managing a division or department, such as LF, MR, etc.

Privatization. The process of changing a public entity or enterprise to private control and ownership. It does not include determination as to whether a support service should be obtained through public or private resources, when the Government retains full responsibility and control over the delivery of those services.

Regionalization. The consolidation/realignment of functions/positions either geographically or organizationally to streamline and achieve savings through the elimination of duplicative functions and/or positions. Regionalization brings together the separate service providers in a geographic region to establish a single service provider. The goal of regionalization is to reduce costs through the elimination of unnecessary management layers, duplicative overhead and redundant functions. Regionalization also facilitates better utilization of the workforce, development of most efficient organizations, opportunities to outsource across an entire region, standardization of processes and regional planning and prioritization.

Resources. Economic elements applied or used in the performance of activities or to directly support cost objects. They can include people, materials, supplies, equipment, technologies, and facilities. (CAM-I)

Scorecard. A reporting tool, typically in the form of a table, spreadsheet, or set of gauges used to provide a simplified view of progress and/or performance.

Scorekeeping. The tracking of savings realized in the pursuit of Installation Reform.

Sourcing Strategies. Alternatives may include A-76 competitions; consolidation, restructuring, or reengineering of activities; privatization; adoption of better business management practices; development of joint ventures with the private sector; asset sales; termination of obsolete services or programs; functionality assessments; etc. [ASN (I&E) memo of 4 Jan 02]

Standards of Excellence Assessment Program. The Marine Corps’ program for evaluating, reporting, and improving the business practices of installations using principles and techniques of the Malcolm Baldrige National Quality Program’s Criteria for Performance Excellence.

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Strategic Plan. The strategic plan is the primary tool used by senior management to establish direction, alignment and measurements. Standard components of a strategic plan include: organization mission, vision, goals, strategies, and measures of success.

Strategic Sourcing. A disciplined, systematic and continuous balancing of business values and operating economies. It is a strategic approach to efficiency that is built on competition and benchmarking against best practices. Strategic sourcing recognizes that the criticality and value of different functions to the business enterprise will vary. It identifies candidates for competition, regionalization/consolidation, reengineering, or elimination/privatization by balancing operating economies against the impacts associated with changing the mode of performance.

Strategy Map. A Balanced Scorecard strategy map is a generic architecture for describing a strategy and makes explicit the strategy's hypotheses. Each measure of a Balanced Scorecard becomes embedded in a chain of cause-and-effect logic that connects the desired outcomes from the strategy with the drivers that will lead to the strategic outcomes. The strategy map describes the process for transforming intangible assets into tangible customer and financial outcomes.

Vision 2020. Long range vision for USMC installations. Will be developed simultaneously with single USMC strategic plan (which focuses on the mid range prior to 2020).

XBIT. The extensible business intelligence tool (XBIT) implements data warehouse architecture to automate the extraction of data from various legacy systems. These sources contain the necessary personnel and financial information for each command's activity based cost application. The architecture is realized through the use of a standard, centralized global repository that populates each command's ABC models.

Note: The USMC is a sponsor of and adopts the standard CAM-I terminology in cost management.